

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 2/18/2015

GAIN Report Number: JO14010

Jordan

Exporter Guide

Annual Report

Approved By:

Orestes Vasquez

Prepared By:

Mohamed Khraishy

Report Highlights:

This report provides updated information for U.S. exporters of food and agricultural products to Jordan and highlights best prospects for consumer-ready food products. According to the Central Bank of Jordan, gross domestic product (GDP) was estimated to have grown by 2.8 percent in 2013 and by 3.5 percent in 2014. The International Monetary Fund (IMF) states that Jordan's economy is stable, though instability and upheaval in the surrounding region is a continued source of concern.

Jordan's Customs Authority reports that the country food imports in 2013 were estimated at \$ 3.75 billion. Imports of U.S. food and agricultural products valued at \$230 million were down 10 percent from \$257 million in 2012, largely due to competitive Black Sea wheat and corn. Rice imports are basically unchanged and more value-added processed foods and food condiments are being imported by this market.

Post:

Amman

Executive Summary:**SECTION I: MARKET OVERVIEW**

- **ECONOMIC, POLITICAL AND DEMOGRAPHIC SITUATION**

The Hashemite Kingdom of Jordan is located in the heart of the Middle East. It is bounded on the north by Syria, on the east by Saudi Arabia and Iraq, on the south by Saudi Arabia and the Gulf of Aqaba, and on the west by Israel and the Palestinian Authority's West Bank. It covers an area of approximately 35,000 square miles.

Predominately Arab and Muslim, the population of Jordan today is nearly 8 million, with an influx of at least one million refugees from Syria in the last 2 years. Christians form the largest non-Muslim group, representing three percent of Jordan's population. Jordan is also host to large populations of registered Palestinian and Iraqi refugees. Its population is growing steadily at a rate of approximately 2.5 percent a year, becoming increasingly urbanized with more than 50 percent of the population living in the three main cities of Amman, Zarqa, and Irbid.

King Abdullah II assumed the throne following his father's death in February of 1999. Since then, he has consolidated power and undertaken an aggressive economic reform program. Widespread political reforms progressed at a slow pace, until the Arab Spring's waves reached the shores of Jordan. As a result, King Abdullah tasked his cabinet with a key undertaking: to proceed with political reforms while infusing a social dimension of economic reforms to improve the living conditions of Jordan's population.

As part of the reforms, the Government of Jordan (GOJ) amended 42 articles (one-third) of the constitution, established an Independent Electoral Commission that administered parliamentary elections in 2013-international observers described them as free and transparent-, and created a constitutional court. The King also launched the National Integrity Charter in December 2013, outlining a series of legislative, legal, and procedural reforms that strengthen public oversight, improve government services, and enhance transparency and the rule of law.

The United States enjoys a long history of cooperation with Jordan, since it first established diplomatic relations in 1949. The United States appreciates the special leadership role that Jordan plays in advancing peace and moderation in the region, as both countries share the mutual goals of a comprehensive and lasting peace in the Middle East, as well to an end of violent extremism that threatens global security. U.S. policy seeks to reinforce Jordan's commitment to peace, stability, and moderation by providing economic and military assistance and close political cooperation.

The Hashemite Kingdom of Jordan is only one of two Arab countries to have signed a peace agreement with Israel, and in 2001 it became the first Arab country to sign a Free Trade

Agreement with the United States. The U.S.-Jordan Free Trade Agreement (FTA), which came into full effect in 2010, continues to create advantages for U.S. exporters, who are able to sell high-quality products at attractive prices, as most tariff barriers have been eliminated. Because of the FTA, bilateral trade has surged exponentially over the past 13 years from \$ 15 million in 2001 to \$1.3 billion in 2014.

With a moderate climate and historical sites such as the Dead Sea, Petra, and Wadi Rum, Jordan remains a prominent tourist destination in the Middle East, despite a recent decline in tourism arrivals due to regional unrest associated with the Syrian and Iraqi crises. The development of Jordan's sole port city of Aqaba holds significant promise for tourist-related infrastructure projects including hotels, a convention center, cruise ship terminal, and food and beverage outlets.

Main imports into Jordan include: mineral fuels and crude oil, industrial machinery, transportation equipment, food and agricultural products, textiles, manufactured goods such as rubber products, paper and cardboard, yarns, chemicals, clothing and footwear. The largest exporters to Jordan are: the European Union (20 percent), Saudi Arabia (20percent), China (11percent), United States (6percent), followed by Egypt, South Korea, Japan, and Turkey.

Table 1: Main Economic Indicators, Jordan, Expenditure of GDP (Percentage)			
	2012 Actual	2013 Actual	2014 Estimated
Nominal GDP (\$ billions)	31	33.7	36.7
Real GDP Growth	2.7	2.8	3.5
Consumer Price Inflation	4.1	5.6	
Imports of Goods (\$ billions FOB)	20.8	19.4	
Exports of Goods (\$ billions FOB)	6.7	7.9	-
Consumer Price Index (% change)	4.8	5.9	3.2
Public Sector Consumption (% real change)	3.0	2.6	2.2
Unemployment Rate	6.812.9	6.813	6.713
Exchange Rate (LCU/US\$)	0.7082.1	0.7081	0.708

SOURCES: THE WORLD BANK, 2013 JORDAN ECONOMIC MONITOR

With a per capita gross domestic product (GDP) of about \$4,628 and a population of nearly 8 million, 70 percent of which is under the age of 30, Jordan has one of the smallest economies in the region. In recent years, Jordan's economic performance has suffered due to regional instability associated with the Arab Spring and the Iraqi and Syrian conflicts. Most economists believe that Jordan's economic growth will be modest in the short-term because of expensive energy imports and the country's limited ability to generate enough revenue to offset these costs. Although the GoJ has attempted to limit its expenditures, the 2013 budget had a 24.7 percent increase in capital spending that positively contributed to economic activity.

- **U.S. ASSISTANCE TO JORDAN**

The United States has provided economic and military aid, respectively, to Jordan since 1951 and 1957. Total U.S. aid to Jordan through FY2013 amounted to approximately \$13.83 billion. The United States has worked with Jordan to improve the lives of Jordanian citizens through an improved healthcare system, construction of infrastructure projects, strengthening its education system, and provided grants and loans of U.S. food aid programs. Current focus areas include education, health, resource management and conservation, energy, poverty alleviation programs, and governance. A strong U.S. military assistance program is designed to meet Jordan's legitimate defense needs, including the preservation of its border integrity and regional stability.

- **BILATERAL ECONOMIC RELATIONS**

Qualifying Industrial Zones established by the U.S. Congress allow products to enter the United States duty-free if manufactured in Israel, Jordan, Egypt, or the West Bank and Gaza. The U.S.-Jordan free trade agreement has strengthened the bilateral trade relationship by reducing tariff barriers for goods and services, protecting intellectual property, ensuring transparency, and requiring effective labor and environmental enforcement. The United States and Jordan have an "open skies" civil aviation agreement, a bilateral investment treaty, a science and technology cooperation agreement, and a memorandum of understanding on nuclear energy cooperation. Such agreements bolster efforts to help diversify Jordan's economy and promote growth.

- **JORDAN'S MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS**

Jordan and the United States belong to a number of the same international organizations including the United Nations, International Monetary Fund, World Bank, and World Trade Organization. Jordan is also a partner to the Organization for Security and Cooperation in Europe.

AGRICULTURE IN THE ECONOMY

Jordan is a net food importing country, purchasing up to 95 percent of consumable items from abroad including 100 percent of its sugar, rice, powdered milk, tea, coffee, corn, and vegetable oil (excluding olive oil). As well as importing most of its fish, cheese, chickpeas, pasta, lentils, and poultry.

In 2013, the agricultural sector consumed 65-75 percent of water resources, but accounted for less than 3.3 percent of GDP, while employing less than 15 percent of the labor force. Its key components are the horticultural sector, the poultry industry, and small-scale herding. Small-scale herders (sheep and goats) enjoy widespread political support due to their traditional place in Jordanian culture. Evidence of this support can be seen in the government's failed attempts to withdraw subsidies on feed inputs, regardless of the increasing costs of its inefficiency, costing the GOJ approximately \$300 million/ year.

- **DOMESTIC AGRICULTURAL POLICY OVERVIEW**

Much of the GOJ domestic agricultural policy is focused on the management of its scarce and rapidly depleting water resources in an effort to support its traditional livestock owners, and to develop an

export-oriented horticultural sector. The other major policy is its wheat subsidy program to the Jordanian population, which fixes the price of bread at USD \$ 0.22 per kilogram. The subsidy cost increases with any additional bread inputs.

- **AGRICULTURAL TRADING ENVIRONMENT**

In April 2000, Jordan joined the World Trade Organization, further integrating Jordan into the global economy and facilitating the signing of the U.S.-Jordan Free Trade Agreement (FTA), which entered into force in 2001. The final phase out of tariff reductions in the U.S.-Jordan FTA were completed on January 1, 2010, resulting in the elimination of duties on most products. Jordan has entered into several bilateral and multilateral trade agreements that include a regional Greater Arab Free Trade Agreement (GAFTA), EU Mediterranean Partnership, and most recently an FTA with Canada. The Jordan-US FTA and Qualifying Industrial Zones (QIZ) agreements with the U.S. have driven export-led growth.

Total food and feed imports exceeded \$ 3.75 billion 2013, with \$264 million coming from the United States. Jordan's agricultural exports to the United States grew to \$10 million in CY 2013 from \$3.5 million in CY 2010. Jordan's main agricultural exports were ethnic food preparations, ethnic cheese, virgin olive oil, and herbs- mainly thyme. Jordan was recently granted market access to export fresh strawberries and green beans to the United States.

- **SANITARY AND PHYTOSANITARY (SPS) ISSUES AND REGULATORY SYSTEMS**

Sanitary and phytosanitary (SPS) issues have usually resolved following direct engagement with the Jordanian government, agreeing to follow international standards and through the implementation of a national food safety risk assessment policy. Nonetheless, the Ministry of Agriculture has recently imposed an unsubstantiated SPS measure that has created a trade barrier on U.S. chicken leg quarters, by limiting the container size to 2.5 kg.

Capacity-building programs like the Cochran and Borlaug Fellowship Programs and the State Department's International Visitors' Leadership Program have strengthened GOJ officials' technical and rulemaking capabilities. For example, Jordan accepts the World Organization for Animal Health (OIE) classification of the United States as a negligible-risk country for bovine spongiform encephalopathy (BSE), and follows OIE's guidelines when outbreaks of low-pathogenic avian influenza occur in the United States. .

There is no clear agricultural biotechnology framework. To date, no biotech crops have been approved for production in Jordan. The Ministry of Environment has issued regulations based on the Cartagena Protocol, which entered into force in August 2009. These regulations cover trade in living modified organisms (LMOs), and do not include processed products that have biotech content.

Standards for the labeling of pre-packaged foods are regulated by the Jordan Institution for Standards and Metrology (JISMO). The regulation is similar to the Codex general standard for labeling pre-packaged foods; however, it requires that food and feed importers label products that contain "GMOs". To date no trade barriers have been imposed on any imported products containing GMOs. However, a

lack of consumer awareness about biotechnology, coupled with an active anti-biotech campaign by Jordanian NGOs, may put future pressure on the GOJ to restrict trade of biotech products.

- **FOOD SECURITY**

Food is readily available in Jordan, but the means with which to purchase it has been a problem. The average Jordanian family spends approximately 40 percent of its income on food. In 2013, the Consumer Price Index (CPI) increased by 5.5 percent compared to 4.2 percent in 2012. The rise in the CPI was attributed mainly to higher transportation prices, which increased 11.4 percent in 2013. Fuel and electricity showed the highest increase in prices, according to GOJ official estimates, rising 19.7 percent in 2013. If carried out in its entirety, the new reforms seeking an increase of electric rates by 15 percent will have an impact on the food prices; however, the parliament has publicly condemned this move by the Cabinet.

The GOJ has attempted to curb the impact of the global economic crisis by cutting duties and taxes on basic food items, calling on merchants to lower profit margins, and implementing a social safety net program that provides food access to lower income citizens. The GOJ has allocated \$225 million for bread subsidies to keep the staple food “baladi bread” available at a fixed price of \$ 0.22 per kilogram.

The global economic crisis also hindered the privatization of the government-owned Silos Company, the major GOJ wheat storehouse. Conversely, as a food security strategy, the GOJ decided to raise the national strategic reserve of wheat from six to ten months, and currently keeps an eleven-month reserve that is equivalent to 650,000 MT of wheat and 450,000 MT of barley.

AGRICULTURAL SECTOR

- **OVERVIEW**

Jordan is a net food-importing country with a market of six million consumers but growing due to the increasing number of Syrian refugees entering the country into almost 8 million, importing up to 98 percent of consumable items. Due to the scarcity of water, agriculture has been declining as a component of the overall economy for years, accounting for 3.3percent of GDP in 2013 while employing 15percent of the labor force, though many agricultural workers hail from Egypt and Syria. The horticultural sector, the poultry industry, and small-scale herding are its major components.

- **MARKET REQUIREMENTS**

Top U.S. agricultural exports consist of corn, rice, soybean cake, processed and canned foods, condiments, vegetable oil, almonds, and poultry (mainly chicken leg quarters and carcasses). Under the FTA, import duties between Jordan and the United States were phased out in 2010

In 2012, U.S. agricultural exports to Jordan were \$340 million, however, these witnessed a drop in 2013

to \$230 million as the United States was priced out of the market for exports of wheat, corn and soybean meal. Nonetheless, U.S. exports of rice, poultry, beef and fish, dairy cattle, and high-value products increased. A notable success was the recent market access for U.S. live dairy cattle, which generated \$ 17 million worth of sales.

The Jordanian border inspection authority selectively imposes sanitary and phytosanitary measures on meat and poultry import licenses. Advance approvals to import goods are required for specific food and agricultural goods. Officials at the ministries of Health and Agriculture are responsible for granting such licenses and approvals.

In addition to special requirements for certain agricultural products, Jordan requires that importers of commercial goods be registered traders or commercial entities. The Ministry of Industry and Trade occasionally issues directives requiring import licenses for certain goods or categories of goods. For more information see the FAIRs reports.

The Jordan Food and Drug Administration (JFDA) is the primary entity responsible for accepting or rejecting incoming food consignments; the Jordan Standards and Metrology Organization (JSMO) performs the tests and drafts food standards. JSMO's current product standards generally reflect existing U.S. standards; however, JSMO is also working with EU agencies reviewing its standards. JSMO has licensed several local laboratories to test for conformity of applicable standards.

The US exporter is strongly advised to review the Jordanian standard for his product(s) prior to shipment; GoJ authorities have a very low tolerance to violations. The local agent or buyer could buy the standard from JSMO at a nominal fee. For the list of export certifications required by Jordan for import and products covered, please refer to the "Restrictions and Prohibited Imports" section. More details can be found on USDA FAS attaché reports on at: WWW.FAS.USDA.GOV

• JORDAN'S MARKET CHARACTERISTICS

Jordan operates under a free market system since its establishment in 1945. As a result, consumers are sophisticated and have been exposed to multi ethnic foods, but are limited by their income.

Eighty-three percent of families are estimated to live in urban settings. Over 35% of Jordanian families own a personal computer, 47% have access to the internet, 99.9 households are connected to the electrical grid and 97% are connected to the water network. 98% of Jordanian families have a mobile phone, refrigerator and a washing machine. Almost 47 thousand graduate from universities each year and 4,500 with post graduate degrees.

• JORDAN'S FOOD AND AGRICULTURAL PRODUCTION

The agricultural sector accounts for \$1.2 billion or 3.3 percent of the national GDP, employing close to 3 percent of the national labor force. The country hosts some 150,000 foreign (mainly Egyptian) guest workers in the agricultural sector. Despite its small footprint, agriculture accounts for 65-75 percent of Jordan's total water consumption, much of which is treated water which wouldn't otherwise be used.

Less than 10 percent of Jordan's land area of 89,200 km² is arable, and less than 5 percent is cultivated.

The actual cultivated area totals around 290,000 ha, of which 130,000 ha are planted with olives and fruit trees, 50,000 ha with vegetables and 110,000 ha with field crops. Fallow area is estimated at 90,000 ha. About 90 percent, or 80,771 km², of the Kingdom receives less than 100 mm of rainfall used for grazing.

Horticulture accounts for half of the value of local agricultural production. Jordan is self-sufficient for certain products as indicated in the following table. For many categories of agricultural and food products, dependence on imports is very high. This is true for grains like barley, wheat, corn and rice, sugar and vegetable oil (except for olive oil) Jordan exports a significant percentage of fresh vegetables and fruits to markets as far away as Canada and Russia, however, most go to closer GCC countries.

Table 2: Jordan's Top Ten Domestic Agricultural Products ²⁰¹²[1]

	Commodity	Quantity [t]	Self Sufficiency%[2]
1	Tomatoes	616,427	231
2	Milk, whole fresh cow	240,685	100
3	Poultry - chicken	191,770	87
4	Eggplant	177,692	159
5	Cucumbers and gherkins	155,938	201
6	Olives	155,640	100
7	Potatoes	141,573	75
8	Watermelons	108,731	113

Table 3: Jordan Vegetable Production by Quantity in 2013

Crop	Area Du=0.1 ha	Production(Metric Tons)
Tomatoes	154,338	869,138
Zucchini	33,754	78,653
Egg Plant	37,709	109,414
Cucumber	29,034	172,284
Potatoes	34,029	103,224

Table 4: Top Ten Domestic Agricultural Products by Value-2012

	Commodity	Value [1000 Int\$] [1]	Self-sufficiency % [2]
1	Poultry - chicken	273,158	87
2	Tomatoes	227,809	100
3	Olives	124,621	100
4	Milk, whole fresh cow	75,108	100
5	Mutton	46,371	35
6	Eggplants (aubergines)	37,991	100
7	Eggs, hen, in shell	35,891	100

8	Beef	33,203	14
---	------	--------	----

Table 5: Livestock Production and Value			
Type	Unit	Number or Quantity	(Value in Million \$)
New Born Sheep	Head	1,332,885	312
New Born Goats	Head	575,301	121
New Born Cattle	Head	29,941	19
Sheep & Goats Milk	M.T	70,369	73
Cattle Milk	M.T	236,773	157
Dairy Product	M.T	2,886	16
Wool	M.T	6,553	3
Mohair	M.T	2	0
Broiler	M.T	246,603	520
Table Eggs	Egg	703,388,553	97
Hatchery Eggs	Egg	251,489,790	91
Chicks	Bird	168,568,263	123
Organic Manure	M.T	333,014	4
Industrial Activity	Value	0	70

J DOS

- JORDAN'S IMPORTS OF FOOD AND AGRICULTURAL PRODUCTS**

The total value of agricultural and food imports were \$3.75 billion, out of which 17 percent came from the US. Its top imports by value are meat and processed foods that account for 25 percent of agricultural imports. The US suppliers have ample room to increase their market share.

Table 6: Jordan's Top Agricultural Product Suppliers 2013 ^[3]		
Country	Quantity in thousands of MT	Value in \$ Million
SAUDI ARABIA	299	325
ARGENTINA	668	300
BRAZIL	270	289
U.S.A.	193	229
ROMANIA	451	227
INDIA	238	201
AUSTRALIA	101	199
EGYPT	170	183
UKRAINE	337	126
U.A.E.	48	122
SYRIA	116	119
THAILAND	100	99
LEBANON	108	97

TURKEY	60	92
RUSSIA	124	44
ISRAEL	92	39

Table 7: Jordan Top Agricultural Imports [4]		
2013 Imports	Quantity in Tons	Value in USD
Meat (Bovine and Poultry)	143,187,308	429,993,700
Processed and prepared foods	181,866,507	386,105,038
Fruit and Vegetables	393,289,862	357,727,500
Dairy	71,170,782	252,041,945
Barley	722,871,791	228,640,531
Wheat	630,676,791	216,752,675
Live Animals	1,082,726	204,326,878
Sugar	328,457,738	194,837,376
Corn	557,896,328	188,670,886
Vegetable oils	108,173,239	139,265,271
Rice	148,634,424	126,845,628
Fish	19,430,642	55,555,209

- JORDAN'S EXPORTS OF FOOD AND AGRICULTURAL PRODUCTS**

Jordan's agricultural and food exports are mainly focused on its neighboring and regional countries which constitute Jordan's major export markets for fresh fruits and vegetables, processed meats and food preparations, and live sheep.

Table 8: Jordan's Top Agricultural Export Partners 2013 [5]		
Country	Quantity in Tons	Value \$
IRAQ	366,250,356	373,141,046
SAUDI ARABIA	301,020,486	340,423,247
U.A.E.	159,198,981	135,767,326
KUWAIT	109,740,263	104,026,006
QATAR	82,410,608	90,786,798
SYRIA	99,030,456	67,313,183
BAHRAIN	41,221,016	36,420,103
EGYPT	36,166,353	30,070,364
LEBANON	20,713,191	27,012,413
ISRAEL	18,669,592	26,117,825

OMAN	29,800,353	23,945,957
PALESTINIAN N.A.	32,706,633	20,159,913
YEMEN	10,081,520	12,019,914

Table 9: Jordan Top Agricultural Exports [6]		
Item	Quantity in Tons	\$
Fresh fruits and Vegetables	940,812	659,152,840
Preserved and processed food	124,314	172,748,531
Live animals	457,690	226,850,139
Processed meat	18,356	70,078,775
Dairy products	11,141	32,418,179
Meat	8,068	15,193,911
Eggs	16,333	5,968,593
Olive Oil	696	2,990,065
Thyme	1,334	2,259,811

- U.S. FOOD AND AGRICULTURAL PRODUCTS' TRADE POSITION IN JORDAN**

The Government of Jordan dominates the trade of wheat as a consequence of its subsidy system that effectively precludes private sector imports. The Ministry of Industry and Trade buys wheat in the open market through competitive transparent tenders and then heavily subsidizes the “baladi” bread. The tendering process is always focused on the lowest price making it difficult for U.S. origin wheat to compete. Additionally, Black Sea grain suppliers have taken away a sizeable market share from U.S. grain suppliers due to their proximity which means lower freight costs and smaller shipment sizes. The U.S. rice industry maintains some focus on the Jordanian market so that our suppliers dominate the medium-grain market.

TABLE 10 – U.S. GRAIN & FEED EXPORTS TO JORDAN

COMMODITIES EXPORTED JANUARY - DECEMBER CUMULATIVE, VALUES IN THOUSANDS OF DOLLARS

	2012	2013	2014
Product	Value	Value	Value
Grain & Feed - Total	90,466	92,155	81,700
Rice	75,544	63,328	70,900
Corn	5,933	23	38
Wheat	1,842	18,268	0

Although the Jordanian market has benefited from market access of U.S. poultry, the Ministry of

Agriculture has recently imposed trade barriers on U.S. chicken including abstruseness in issuing import licenses, and package and usage restrictions.

**TABLE 11– U.S. POULTRY & PRODUCTS EXPORTS TO JORDAN
TO DATE PRODUCTS EXPORTED JANUARY - DECEMBER CUMULATIVE, VALUES IN
THOUSANDS OF DOLLARS**

	2012	2013	2014
Product	Value	Value	Value
Poultry & Products	29,305	45,073	19,642
Broiler Meat	23,775	40,634	18,329
Turkey Meat	493	1,220	241
Live Poultry	220	424	240
Other Poultry Meat	4,663	2,731	132
Egg and Egg Products	153	65	130

**TABLE 12– U.S. LIVESTOCK & MEAT EXPORTS TO JORDAN
TO DATE COMMODITIES EXPORTED JANUARY - DECEMBER CUMULATIVE, VALUES IN
THOUSANDS OF DOLLARS**

	2012	2013	2014
Product	Value	Value	Value
Livestock & Meats	9,485	14,477	13,909
DairyCattle,Brd Fema	0	2,139	8,616
Beef & Veal,Fr/Ch/Fz	6,593	5,456	4,435
Variety Meats, Beef	110	0	543

U.S. Meat Export Federation activities have recently shown a positive impact on the trade size.

JORDAN’S TRADE AGREEMENTS

Jordan’s ascension to the World Trade Organization (WTO) took place in 2001; Jordan signed a free trade agreement (FTA) with the US in 2000. U.S. food and agricultural exporters benefit from the FTA, as imports have more than doubled from \$105 million in the year 2000 to \$234 million in 2013.

The growing shift of U.S. exports from basic commodities to high value consumer-ready items, indicates that consumers in Jordan are willing to pay for high quality products, improving the competitiveness of American suppliers, in addition to demonstrating increased interest in the market.

TABLE 13: ADVANTAGES AND CHALLENGES FOR U.S. SUPPLIERS?

Advantages	Challenges
U.S.-Jordan FTA has contributed to the U.S. being one of Jordan's largest trading partners, with tariffs at zero for most food products.	Cost of freight is increasing faster than the GoJ budget can accommodate, and U.S. corn has lost its tariff advantage to other non U.S. corn.
GOJ officials' past participation in FAS Cochran programs offered positive exposure to the U.S. regulatory system.	
Consumers have a favorable impression of U.S. consumer-ready products and brands.	
Jordan prefers U.S. quality rice. U.S. rice producers are considered to be a reliable source, having provided favorable credit to Jordanian customers during the food crisis in 2008.	Increase in the price of rice is curbing demand. There is some concern as well with some poor quality rice from other imports being mixed with high quality U.S. product.
Due to arid environment with limited water resources, Jordan is heavily dependent on imported commodities and food products, importing up to 98 percent of its consumable needs.	Jordan's free trade agreements with the EU, Canada and recently Turkey are increasing competition by diminishing tariffs.
There is a lot of potential for introducing new U.S. products to Jordan's young population.	Low consumer purchasing power. Aggressive competition from neighboring regions, especially the EU and Black Sea.
Jordan is a transshipment point for goods moving to Iraq.	Trade with Iraq is still risky, in terms of payments and collaterals. Limited market size reduces U.S. companies' incentives to devote resources to the market.
Jordan hosts more than 500,000 Syrian refugees not to speak of a much larger number of settled Palestinian migrants.	Many refugees have limited disposable income and require food and other assistance. rs of traders mixing American rice with cheap low-quality rice from other sources can threaten the reputation of U.S. rice.
The Jordan Dinar has been pegged to the USD since 1995 at JD 1.0:1.41, making it	Tourism is threatened by ongoing regional political tension, which negatively affects trade in U.S.

cheaper for Jordanian consumers to buy quality U.S. food products.	products.

EXPORTER BUSINESS TIPS

- **MARKETING AND SALES**

Successful sales results in Jordan are hard to achieve without proper local partnerships. FAS in Jordan can help companies identify prospective local agents or distributors.

- **ESTABLISHING AN OFFICE**

Foreign companies and institutions can register and operate in Jordan through the Ministry of Industry and Trade (MOIT). It is wise to use a local attorney as a legal advisor to help in the process.

The Companies Law provides guidance for registering foreign companies and establishing regional and representative offices. Foreign companies can register as operating companies, non-operating companies, and offshore companies. More information can be found at www.mit.gov.jo/.

The Jordan Investment Board (JIB), which operates as a one-stop shop for potential investors, and its website is located at <http://www.jib.jo/>

- **FRANCHISING**

Jordanians are enthusiastic about U.S. franchises and local investors are increasingly interested in franchising, especially in the service sector and the fast food industry. The Jordanian market, however, cannot absorb a large number of outlets of a single franchise. U.S. retail and service franchises have significantly increased in the last several years. Examples of recent franchises include: TGI Fridays, Applebee's, and Ruby Tuesdays. Other franchises in the fast food industry, such as KFC, Pizza Hut, Ponderosa Steakhouse, McDonald's, and Burger King have been in the market for several years.

Several new malls have opened in the capital in recent years, others are under construction, and there are plans for outlet stores in the southern suburbs of Amman. These projects are expected to generate opportunities for additional retail franchises.

- **DIRECT MARKETING**

American companies can use a direct marketing approach for their products to end users in the government and private sectors in Jordan; however, in general it is recommended to work through a local representative. American companies can find competent local firms that are capable of organizing marketing campaigns for their products through a wide range of media.

- **JOINT VENTURES/LICENSING**

Joint ventures with Jordanian partners are one means of penetrating the local market. A joint venture is confined to the special relationship between partners, as specified in the joint venture agreement and is essential in some services where foreign ownership/share of companies cannot exceed 50 percent.

FOR A LIST OF RESTRICTED SECTORS, PLEASE CONSULT:

TCC.EXPORT.GOV/TRADE_AGREEMENTS/ALL_TRADE_AGREEMENTS/EXP_005590.ASP.

- **DISTRIBUTION AND SALES CHANNELS**

There are several border crossings in Jordan, but goods generally arrive through the Port of Aqaba or Queen Alia International Airport. They are distributed to their final destinations by road. Local representation is very helpful in dealing with customs and customs clearance agents. Details on the customs clearance stages can be found on the Customs Department website at <https://www.customs.gov.jo/english/default.shtm>

Jordan's retail network is transitioning from traditional shops and markets to American-style malls and hyper-markets. Several large malls have opened in Amman and there are plans for outlet stores in southern Amman. On-line and mail ordering is popular. Marketing via internet is possible but is still a nascent channel, as there is a low internet penetration rate in Jordan and consumers tend to consider internet shopping to be insecure.

- **TRADE PROMOTION AND ADVERTISING**

U.S.-style promotion is gaining popularity. There are a number of trade fair events where U.S. exporters can participate, and many Jordanian business people attend major regional fairs, such as those held in Dubai. Advertising in newspapers, radio, and business journals as a means to locate agents, distributors or buyers can also be done. Billboards and electronic screens are also available. Cell phones are ubiquitous in Jordan and an increasing number of notices and advertisements are sent via SMS.

DETAILS ON JORDANIAN NEWSPAPERS CAN BE VIEWED AT

WWW.ONLINENEWS PAPERS.COM/JORDAN.HTM.

Magazines are more numerous and of better quality than before. They offer good access to the more affluent sector of society. There are a number of regional business magazines and sector-specific magazines distributed throughout the Middle East that can also offer useful advertising opportunities.

- **PRICING**

Local importers base their pricing on the export price, freight costs, applicable import tariffs and taxes including the 16 percent sales tax (depending on the product), and profit margin. U.S. manufacturers and suppliers should, however, coordinate with local representatives before assigning a final price to a product. The Jordanian market is generally very price-sensitive. Products with higher prices than the competition will need vigorous marketing support and must be of demonstrably higher quality.

American companies and American food have additional advantages through the Free Trade Agreement that was signed in 2000 between Jordan and the United States.

For more information, please visit <http://www.export.gov/FTA/jordan/index.asp>.

- **DUE DILIGENCE**

U.S. companies interested in selling and or contracting with local agents should conduct due diligence prior to signing any contracts. In addition to the FAS office, the Embassy's Foreign Commercial Service is able to conduct confidential background checks on local companies via a fee-based service available through the U.S. Department of Commerce or directly through the Commercial Service office in the Embassy. Go to: <http://www.export.gov/> for more information.

TRADE REGULATIONS, CUSTOMS AND STANDARDS

- **IMPORT TARIFFS**

Customs tariffs are based on the harmonized system coding practice. Tariff tables for different products and commodities can be found on the Customs Department website at WWW.CUSTOMS.GOV.JO.

Additional taxes may apply to some products; a complete description of these commodities is also available at the Customs Department website. Detailed lists of the general and special sales tax can be viewed at the Jordan's Income and Sales Tax Department's website at <http://www.istd.gov.jo/ISTD/Arabic/AboutISTD/Homepage.html>

The Government of Jordan imposed a special tax on 12 luxury commodities with a value ranging between 5-25 percent as of February, 2013. The government taxes dog and cat food at 20 percent.

The U.S. – Jordan FTA, which came into full force in January 2010, eliminating most duties and tariffs between the U.S. and Jordan. Details can be viewed at <https://ustr.gov/trade-agreements/free-trade-agreements/jordan-fta> and <http://www.state.gov/e/eb/tpp/bta/fta/c26474.htm>

Import Requirements and Documentation

Import licenses, valid for one year, are required for:
non-commercial shipments exceeding JD 2,000 (\$2,820);
biscuits of all types;
mineral water;
dried milk for industry use;
used tires; and

items that require prior clearance from the respective authorities (for a complete list, see —special import provisions).

Items that do not need an import license may require prior authorization by the appropriate government ministry.

Any imported agricultural or food product may be inspected and tested for human consumption. Virtually all prepared and mixed foods are tested at the border. The Jordan Food and Drug Administration (JFDA) has the authority to inspect food products at the retail and wholesale levels. A representative may enter any locality and collect samples for testing. If a product fails to meet technical requirements or is found unfit for human consumption, it is removed from the distribution channels and destroyed.

The Jordan Standards and Meteorology Organization (JSMO) regulates food additives for JFDA. Permissible additives and their concentrations are those approved by the *CODEX ALIMENTARIUS* Commission. The technical standards for foods contain specific lists for food additives and their permissible levels of use. These standards should be consulted to make sure that any additives are permitted.

Goods entering the country under temporary entry status, bonded goods and goods benefiting from the investment promotion law are exempt from import licenses. For more information, go to Department of Statistics [http://jorinfo.dos.gov.jo/tiis/\(S\(ftjbyod5me3w5pop1lhljvxe\)\)/Rep1_e.aspx](http://jorinfo.dos.gov.jo/tiis/(S(ftjbyod5me3w5pop1lhljvxe))/Rep1_e.aspx)

For shipments to Jordan, exporters are required to provide a certificate of origin, a commercial invoice, an airway bill, and a packing list. A customs declaration is also required, but only an authorized forwarding agent in Jordan can process the declaration, which must be filed electronically.

Regarding a U.S. Certificate of Origin for Exporting to Jordan, a general certificate of origin is acceptable and can be downloaded from the Trade Information Center's Web site http://www.export.gov/FTA/jordan/eg_main_017719.asp

Both the commercial invoice and the certificate of origin must be certified by the National U.S.-Arab Chamber of Commerce, and then legalized by the Jordanian Embassy or consulate. To locate an office of the National U.S.-Arab Chamber of Commerce, view their Web site at <http://www.nusacc.org/>

A list of the Jordanian consulates can be accessed at <http://www.jordanembassyus.org/new/consular/consulates.shtm>.

Invoices do not have to be written in Arabic, but the importer is required to provide an Arabic translation. Typically this requirement is met by having the importer hand-write the translation on the actual invoice. Exporters should be aware that commercial invoices for all shipments from the United States *MUST* bear a notarized affidavit. Jordanian Customs may request other documents related to the shipment as needed.

- **LABELING AND MARKING REQUIREMENTS**

Imported products must comply with labeling and marking requirements issued by (JSMO); refer to www.jsmo.gov.jo It is strongly advisable that the supplier asks his importer to provide him with an authentic copy of the latest Jordanian standard for the type of the product he would like to export to Jordan, failing to meet the Jordanian standard “ equitable to international standards” would lead to the rejection of the consignment to the country of origin.

Importers are responsible for informing foreign suppliers of any applicable labeling and marking requirements. All labels must either be in Arabic or have a stick-on label in Arabic. Nutritional labeling is mandatory in certain categories of food, including infant formula and food for dietary use. In general, the label should contain the name of the product, the manufacturer’s name and address, net weight, fortifying matter, lot number and best before date. A food shipment may be rejected based on ambiguous labeling content. For information on food labeling and packaging, contact JSMO and Jordan Ministry of Health at www.moh.gov.jo

Export certificates are required by Government of Jordan for a number of food products. For more details see GAIN FAIRS report –Certification report
Or for Jordan: Jordan Food and Drug Administration: www.jfda.jo

Key contact:

Jordan Customs Department
P.O. Box 90, Amman, Jordan
Telephone: 962-6-462-3186/8; 462-4394/6
Fax: 962-6-464-7791
E-mail: customs@customs.gov.jo
Web-site: www.customs.gov.jo

WEB RESOURCES

Ministry of Industry and Trade www.mit.gov.jo
Ministry of Agriculture: WWW.MOA.GOV.JO
Jordan Institution for Standards and Metrology: WWW.JSMO.GOV.JO
Jordan Food and Drug Administration: WWW.JFDA.JO
Jordan Customs Department: WWW.CUSTOMS.GOV.JO
U.S. Foreign Agricultural Service WWW.FAS.USDA.GOV
FAOSTAT http://faostat.fao.org/CountryProfiles/Country_Profile/Direct.aspx?lang=en&area=112
Trade Information Center’s Web site http://www.export.gov/FTA/jordan/eg_main_017719.asp
National U.S. Arab Chamber of Commerce [HTTP://WWW.NUSACC.ORG/](http://WWW.NUSACC.ORG/)
Department of statistics [http://jorinfo.dos.gov.jo/tiis/\(S\(ftjbyod5me3w5pop1lhljvxe\)\)/Rep1_e.aspx](http://jorinfo.dos.gov.jo/tiis/(S(ftjbyod5me3w5pop1lhljvxe))/Rep1_e.aspx)

[1] FAOSTAT

[2] JDOS

[3] JDOS

[4] JDOS

[5] JDOS SELF-CALCULATED

[6] JDOS

